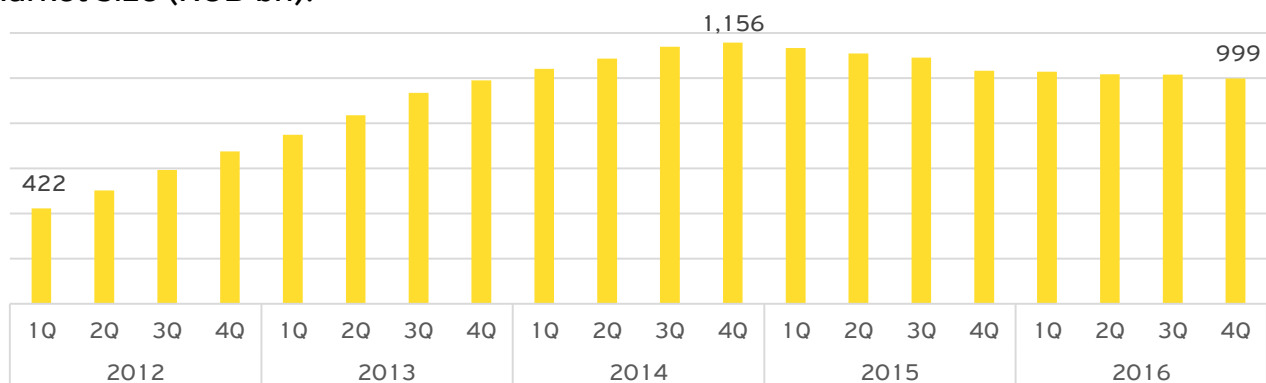


The Russian Credit Card Market, 2016

2016 results

After reaching record highs at the end of 2014 (RUB 1,156 bn), the credit card market shrank over the next two years, dropping to RUB 999 bn by the end of 2016.

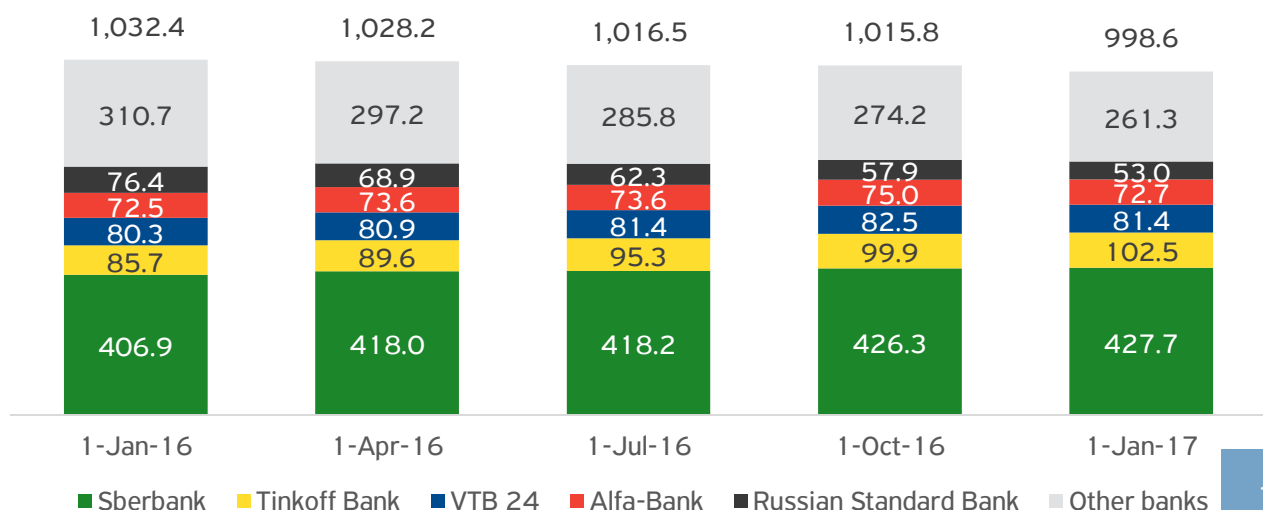
Market size (RUB bn):



The leaders in absolute growth of their credit card portfolios were Sberbank (portfolio up by RUB 20.8 bn to RUB 427.7 bn), Tinkoff Bank (portfolio up by RUB 16.8 bn to RUB 102.5 bn) and Orient Express Bank (portfolio up by RUB 10.0 bn to RUB 36.8 bn).

The largest portfolio reductions were seen by Russian Standard Bank, OTP Bank and B&N Bank Credit Cards losing RUB 23.4 bn, RUB 10.9 bn and RUB 9.9 bn, respectively. Among the Top 20 banks, Trust Bank's was the fastest falling portfolio, dropping by 45.2% from RUB 18.8 bn to RUB 10.3 bn.

Top 5 credit card portfolios in 2016:



The Russian Credit Card Market, 2016

Market size and performance

In 2016, the credit card market shrank by RUB 33.8 bn, dropping to a three-year low of RUB 999 bn. The last time the market stood at less than RUB 1 tn was on 1 January 2014 (RUB 990 bn).

In Q4 2016, the market contracted by RUB 17.2 bn. The growth of RUB 5.7 bn in November was due largely to a contribution of RUB 4.9 bn from Pochta Bank, which was previously excluded from these statistics due to differences in accounting and reporting methods. December saw the biggest monthly market drop of RUB 22.9 bn, a result of the seasonal effect of borrowers wanting to pay their debts down before the start of new year.

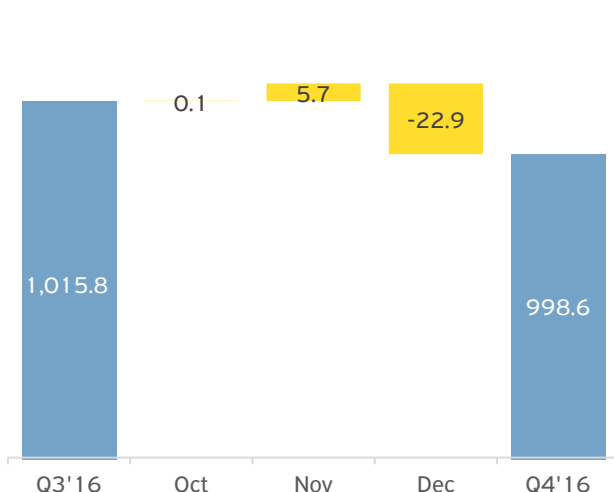
Market concentration

Market concentration continued to grow throughout 2016, with the share of the Top 5 banks increasing from 69.9% at the end of 2015 to 73.8% at the end of 2016.

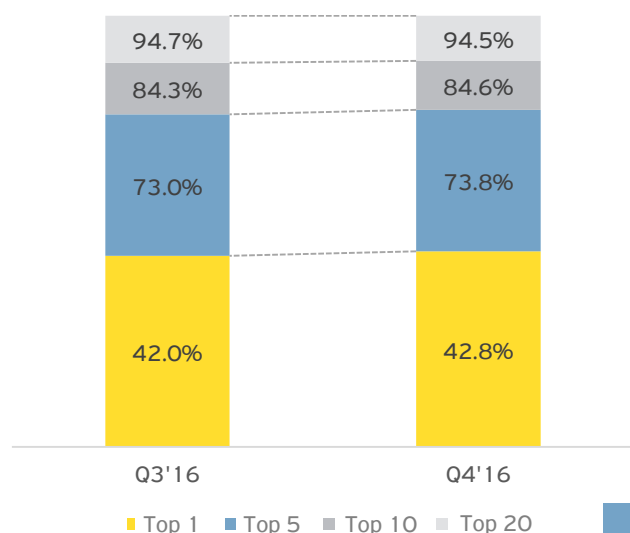
In Q4 2016, only three banks increased their share by more than 0.1 p.p., including Sberbank (0.9 p.p.), Tinkoff Bank (0.4 p.p.) and Orient Express Bank (0.2 p.p.). A significant drop in the market share was seen by Russian Standard Bank and B&N Bank Credit Cards (both losing 0.4 p.p.) as well as OTP Bank and Trust Bank (down by 0.2 p.p.)

The total number of credit institutions with credit card portfolios of more than RUB 1 bn amounted to 34. Their aggregate market share reached 98.8%.

Market performance, RUB bn



Market concentration, %



The Russian Credit Card Market, 2016

Key players

By the end of 2016, the leaders of the credit card market remained unchanged. Sberbank, the long-standing top player, increased its share to 42.8% thanks to the expansion of its portfolio to RUB 427.7 bn against a backdrop of the market contraction to RUB 999 bn. Tinkoff Bank increased its portfolio by 19.6% (to RUB 102.5 bn by the end of 2016), increasing its market share by 2 p.p. to 10.3% by the year-end.

In Q4 2016, Orient Express Bank's portfolio grew significantly by RUB 1.8 bn to RUB 36.8 bn, boosting its annual growth rate to the highest level (37.2%) among the Top 20 banks.

B&N Bank Credit Cards ranked 9th among the Top 10 players with the value of its portfolio down to RUB 16.2 bn, falling behind Credit Europe Bank (RUB 16.8 bn)

Top 10 players in the Russian credit card market

Bank	Portfolio, Q3 2016, RUB bn	Change, RUB bn	Portfolio, Q4 2016, RUB bn	Market share, Q3 2016	Change, p.p.	Market share, Q4 2016
Sberbank	426.3	1.5	427.7	42.0%	0.9	42.8%
Tinkoff Bank	99.9	2.6	102.5	9.8%	0.4	10.3%
VTB 24	82.5	-1.1	81.4	8.1%	0.0	8.1%
Alfa-Bank	75.0	-2.3	72.7	7.4%	-0.1	7.3%
Russian Standard Bank	57.9	-4.9	53.0	5.7%	-0.4	5.3%
Orient Express	34.9	1.8	36.8	3.4%	0.2	3.7%
OTP Bank	25.2	-2.4	22.8	2.5%	-0.2	2.3%
Credit Europe Bank	17.2	-0.4	16.8	1.7%	0.0	1.7%
B&N Bank Credit Cards	20.9	-4.7	16.2	2.1%	-0.4	1.6%
Home Credit Bank	16.4	-1.2	15.2	1.6%	-0.1	1.5%

The Russian Credit Card Market, 2016

Disclosure

The report was drafted by Tinkoff Bank's team and is based on data of the Central Bank of Russia (CBR) and takes into account undue debt (demand loans and overdrafts to individuals) only.

For the purposes of this report, the Bank relied on CBR data. Tinkoff Bank's analysts use amounts in accounts 45502 (loans and other funds provided to resident individuals for a period of up to 30 days), 45508 (demand loans and other funds provided to resident individuals), 45509 (deposit account overdrafts provided to resident individuals), 45707 (demand loans and other funds provided to non-resident individuals), and 45708 (deposit account overdrafts provided to non-resident individuals).

For questions, please contact Darya Ermolina at media@tinkoff.ru

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